

Bettercoal Governance Manual



General Enquiries

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Disclaimer

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1. Introduction

1.1 Purpose of this Manual

Bettercoal is committed to developing and implementing good operational and governance practices on behalf of its multi-stakeholder membership.

This Manual provides an overview of the design and implementation of the Bettercoal governance model. It is aimed at orienting and guiding the various participants in Bettercoal's governance structure, including Board of Directors, Committee members and Bettercoal staff. Bettercoal is a not-for-profit public company limited by guarantee under the Companies Act 2006 of the United Kingdom. The Bettercoal Articles of Association (Articles) are the legal document that sets out Bettercoal's objects, powers, responsibilities and overall management. This Manual is intended as a companion to the Articles, and it will continue to evolve to meet the needs of Bettercoal as the organisation grows and matures. If there is any variation between this Manual and the Articles, the Articles will take precedence.

1.2 Supporting Documents and References

The following documents provide additional supporting information to the Governance of Bettercoal:

- Bettercoal Articles
- Bettercoal Membership Code
- Anti-trust Compliance Policy
- Bettercoal Code 2.0

2. Overview

2.1 Anti-Trust Compliance Policy

Bettercoal is committed to complying with all relevant anti-trust and competition laws. It has adopted an Anti-trust Policy, which must be complied with to participate in Bettercoal. All Bettercoal's stakeholders are required to read and understand the [Anti-trust Compliance Policy](#)

2.2 Good Governance Principles

Bettercoal's Board and Committees are comprised of volunteers from Members and external organisations who play central roles in governance. The following ten principles of good governance for not-for-profit organisations (AICD, 2019) are a useful introduction to understanding and implementing good governance. While the principles are directed to the Board level, most of these also apply at other levels of Bettercoal's governance such as Committees and Working Groups.

Principle	Intent
Purpose and strategy	The organisation has a clear purpose and a strategy which aligns its activities to its purpose.
Roles and responsibilities	There is clarity about the roles, responsibilities and relationships of the Board and other governance participants.
Board composition	The Board's structure and composition enable it to fulfil its role effectively.
Board effectiveness	The Board is run effectively and its performance is periodically evaluated.

Principle	Intent
Risk management	Board decision-making is informed by an understanding of risk and how it is managed.
Performance	The organisation uses its resources appropriately and evaluates its performance.
Accountability and transparency	The Board demonstrates accountability by providing information to stakeholders about the organisation and its performance.
Stakeholder engagement	There is meaningful engagement of stakeholders and their interests are understood and considered by the Board.
Conduct and compliance	The expectations of behaviour for the people involved in the organisation are clear and understood.
Culture	The Board models and works to instil a culture that supports the organisation's purpose and strategy.

2.3 Governance Overview

Bettercoal governance is designed to reflect the interests and priorities of its diverse Members, Associates, Participants and stakeholders, while also meeting its broader responsibilities as an international standards programme and not-for-profit organisation.

3. Membership

The Articles and Membership Code provide information on the categories of Member, Associates and Participants.

3.1 Members Role in Governance

Members are the ultimate authority of Bettercoal, as they elect the Board of Directors, vote to approve changes to the Articles, have the power to call General Meetings, pass Member resolutions and have the opportunity for practical and determinative participation in Bettercoal governance.

3.2 General Meetings

Bettercoal General Meetings (GM) provide an opportunity for all Members, Associates and Participants to convene and discuss progress and future priorities of the organisation. Associates and Participants do not have voting rights.

Important procedural aspects of the GM are for Members to:

- receive annual financial reports
- vote on resolutions put to Members
- vote on Directors' appointments
- hear reports on activities and future plans from representatives of the Board, Committees and the Bettercoal Secretariat, and
- participate in Member consultations.

3.3 Member Resolutions

Member resolutions are put to all Members in the form of a proposed motion, and Members may vote for, vote against or abstain.

3.4 How Members participate in Bettercoal's governance

- **Board:** Directors are elected by the Members. Members can put forward a nominee to the Board.
- **Technical & Advisory Committee (TAC):** Members, Associates and Participants can participate in the TAC, subject to the Terms of Reference for the TAC.
- **Working Groups and Committees:** All Members, Associates and Participants can participate in the working groups and committees. Associates and Participants can participate upon invitation by the chair of the relevant group or committee and with agreement of the Executive Director.

4. Bettercoal Meetings

4.1 Supporting Constructive Meetings

Good meeting practices are an important foundation for robust and effective governance. Board Directors, Committee members, Working Groups and the Bettercoal Secretariat are collectively responsible for working together towards this outcome.

Actions that support a good meeting include:

- Clear, concise and focused agenda covering relevant issues with any proposed resolutions identified.
- Documents delivered in good time containing relevant, timely and accessible information and analyses.
- Prepared participants who have reviewed the meeting documents in advance.
- An effective meeting chair.
- Relevant, robust, inclusive and respectful debate.
- Participants that can balance the need

to express individual thoughts with maintaining the overall effectiveness of the group.

- Minutes that accurately record information and decisions, and that are finalised promptly.
- In the case of the Board, opportunities for in-camera sessions in which Directors meet without the Chief Executive Officer (CEO) or other staff being present.

4.2 Meeting Minutes

Minutes are prepared for all Bettercoal meetings to record relevant processes and decisions. They are not a transcript of every word that was communicated during a meeting or a record of individual contributions. Individuals are not usually identified in minutes, unless this is specifically requested to note an abstention or dissent to a decision, or more generally to identify the source of – or follow up contact for – information that has been shared.

Bettercoal meeting minutes include:

- What meeting was held, where (by teleconference or in person) and when.
- The names of attendees and any apologies, proxies, alternates or invited guests.
- Any conflicts of interest declared.
- Matters discussed at the meeting.
- Any resolutions or decisions made.
- Any actions agreed.

Meeting minutes are circulated to participants promptly and approved at the following meeting (or earlier if required). All participants should review meeting minutes carefully before approval, to ensure they are accurate and complete, noting that they are designed to be a record of key aspects of the meeting but not a transcript.

5. Board of Directors

In accordance with the Articles, the Board is entrusted with the ultimate responsibility for the overall management of Bettercoal. The general management and supervision has been delegated to the Bettercoal Secretariat. The Board appoints the Executive Director as Chief Executive and determines the Chief Executive's powers, duties and responsibilities.

Directors are appointed to the Board by the Members. Directors have specific duties and responsibilities, set out in the Directors Duties Memorandum.

5.1 Key Responsibilities

Key responsibilities of the Bettercoal Board include:

- Setting the purpose and strategy of the Company and assessing overall organisational performance.
- Ensuring financial integrity and resilience, including approving annual budgets, reviewing financial reports, approving expenditures over pre-defined limits, and appointing external financial auditors.
- Ensuring the organisation complies with statutory and contractual requirements.
- Setting risk appetite and overseeing risk management.
- Recommending the adoption of new or revised Bettercoal standards and assurance models to Members, where due process has been followed by responsible Committees and no material risks are identified.
- Appointing the CEO, supporting their responsibilities and evaluating their performance.
- Overseeing implementation of the Bettercoal Complaints Mechanism and related disciplinary procedures for the membership.

5.2 Board Composition and Terms

Bettercoal is governed by a multi-stakeholder Board of Directors:

Size	Up to 12 Directors (including the Executive Director and up to two Independent Directors)
Chair	Elected by the Directors
Quorum	Half (rounded up if necessary) of sitting Directors
Meetings	3 times per annum (or more, if required)
Term	Term of office is 3 years, renewable

5.2.1 Independent Directors

Up to two (2) seats on the Board can be filled by independent persons. These persons cannot be from entities which would be able to join Bettercoal as Members, Associates or Participants. That is, they cannot be representatives or employees of companies which have a direct business link to the coal supply chain.

5.2.2 Who appoints Directors and how

When a vacancy arises in the Board of Directors, due to end of mandate or any other reason, all Members are notified. This will be done by the Secretariat at least one month before the end of term of any Director.

Any Member can nominate a Director. Directors are elected as a representative of any Member by whom they are employed, and therefore Members do not have the automatic right to nominate a replacement if a Director vacates office for any reason.

Directors automatically vacate office if they are either no longer a Member themselves or if they are no longer employed by a Member.

Independent Directors will be nominated by the Board and appointed by the Members.

Director Nominations and Elections

Candidates for Director roles can be nominated by a Member.

The Board may appoint a person who is willing to act as a Director either to fill a vacancy or as an additional director provided that the number of Directors does not exceed the maximum number permitted.

Members will approve (or not) the appointment at the next Annual General Meeting.

Alternate Directors may also be appointed. An Alternate Director is a person who is appointed to act as a Director as a substitute for an existing Director if that Director cannot attend a meeting. An Alternate Director generally has the same powers as a Director to attend, speak and vote at meetings as the principal Director would have had, had they attended the meeting. Any appointment or removal of an Alternate Director shall be by notice to the Secretariat signed by the Director making or revoking the appointment.

If there are more nominees as Directors than there are vacancies, a formal election will ensue.

5.2.3 Director Skills and Expertise

Bettercoal is a multi-stakeholder organisation and, as such, tries to ensure representation at the Board reflects the diversity in Bettercoal's membership. Directors also have specific fiduciary responsibilities and therefore, the collective skills and experience of individuals serving

as Directors is an important consideration. Directors should be senior and experienced people, able to participate effectively in Bettercoal Board decisions.

Key areas of general competence and experience for the Bettercoal Board include:

- Strategic expertise – the ability to guide and review strategy through constructive questioning and suggestion.
- Financial literacy – the ability to read and comprehend the organisation's accounts, financial reports, and the organisation's funding and business model.
- Governance – knowledge and/or experience of leading organisational governance, organisational culture and conduct, and taking a collegiate approach to decision-making.
- Legal – understanding an individual Director's legal duties and responsibilities, and contributing to the Board's responsibility for overseeing Bettercoal's compliance with applicable law.
- Managing risk – expertise/experience to oversee strategic, financial and operational risk to the organisation.
- Technical – understanding of coal, the coal supply chain and markets.

Diversity of gender and geography are also relevant considerations for Bettercoal as a global initiative. Identified skills, diversity or geographical gaps will be addressed whenever possible through the active identification of new Directors.

5.3 Board Meetings

Board meetings will ordinarily be held three times per year with a mixture of in person and video/teleconference meetings. Additional meetings may be convened as required.

Directors should attend Board meetings and General Meetings when convened, unless participation in a specific case is not possible. Directors will, however, be able to vote by proxy or Alternate Director (as applicable) if their attendance to a meeting is not possible.

If a prospective Director knows they will not be able to commit the time necessary to attend regularly, they should not accept the appointment, or if having been appointed they fail to attend regularly, then the Board reserves the right to ask them to stand down.

5.3.1 Annual Agenda

The Board has an annual agenda to be covered through its regular meetings and may identify additional issues and timeframes for decision-making through each year. The annual agenda includes a core workplan around statutory compliance and organisational performance, plus any additional issues or workstreams to be addressed by the Board.

The Board's Agenda will include at least the following:

- Annual review of organisational strategy
- Approval of annual budget
- Annual review of organisational performance
- Annual review of Board and Committee effectiveness
- Annual review of CEO's performance
- Approval of the year-end Financial Accounts

5.3.2 Role of the Chair

The Board Chair presides at Board meetings and AGM, and acts as a key interface between the Board and the Bettercoal CEO.

Attributes of a good Board Chair include:

- Providing overall effective leadership to enhance the effectiveness of the Board.
- Having the confidence of the Board.
- Having a productive working relationship with the CEO.
- Having a good understanding of the organisation's purpose and operational challenges.
- Having the skills to ensure the Board works as a cohesive team.
- Being an effective conductor of Board meetings.

The Board Chair is elected by the Bettercoal Board of Directors and serves one term of three years, with possibility for re-election for a second three year term.

The Board Chair has a key role to ensure:

- There is comprehensive, relevant and timely information from management.
- There is an appropriate Board environment and open culture for robust Board discussion.
- There is sufficient time for timely decisions to be made.
- There is a culture of inclusiveness to allow all Directors to express their views.
- The Board is aware of Directors' or management's conflicts of interest or duty and manage any such conflicts.
- The Board's decision-making processes are aligned to Bettercoal's governance, strategy, values and risk profile.
- The Board addresses all the major strategy issues that can affect Bettercoal's credibility and sustainability.
- The Board is engaged in assessing and improving its effectiveness.

The Board Chair will generally take responsibility for leading the process around CEO remuneration, performance and succession planning. The Chair would normally also lead the process for CEO appointment, and if necessary, disciplinary action or dismissal.

5.3.3 Role of the CEO

It is important to establish a clear distinction between the job of the Board to govern – provide direction and oversight – and the job of the CEO to manage the operations of the organisation. It is the CEO's responsibility to ensure that the Board is informed and supported in its work. Accordingly, the CEO shall:

- Provide information in a timely, accurate and understandable fashion, addressing the various issues to be monitored by the Board.
- Provide financial reports that make clear significant trends and data relevant to agreed benchmarks.
- Inform the Board of significant trends, implications of Board decisions, or issues arising from policy matters.
- Inform Board members when for any reason there is an actual or anticipated non-compliance with Bettercoal policies or procedures.
- Inform the Board of any actual or potential serious legal conflict or dispute that has arisen or may arise in relation to matters affecting Bettercoal.
- Deal with the Board as a whole on formal matters, except when dealing with individual requests for information or requests from other committees or working groups.

Within the direction set by the Board and delegations of authority determined by the Board, the CEO uses their professional judgement to make management decisions and take action when appropriate and necessary to achieve the outcomes

and priorities agreed by the Board. The CEO appoints and leads the Bettercoal Secretariat, who support implementation of Bettercoal's agreed workplan within the approved budget.

5.4 Conflicts of Interest

Directors will also be employees or officers of Members. Therefore, it is important to distinguish the particular duties that come with a Board role. The Directors Duties Memorandum sets out details of the duties they owe to the Company and these include a duty to avoid conflicts of interest (section 2.7.5 of that Memorandum). In the event there is a conflict of interest (or potential conflict of interest, the provisions of Article 32 of the Articles must be followed.

5.5 Board effectiveness

The Board of Directors aspire to be effective in their governing of an organisation and should hold period reviews of their effectiveness.

6. The CEO and the Secretariat

The Bettercoal Secretariat is led by the CEO and responsible for carrying out the day-to-day work of Bettercoal and supporting the responsibilities of the Bettercoal Board, Committees and Working Groups.

The Secretariat's responsibilities include but are not limited to the following workstreams:

- With the Bettercoal Board, manage corporate governance compliance, organisational culture and conduct, financial and resource management, and strategic planning processes.
- With the Bettercoal TAC, develop, review and update the Bettercoal Code for currency, relevance and effectiveness, to address the needs of Members and stakeholders.

- Develop and implement operational plans, processes, policies and procedures.
- Develop and circulate governance meeting agendas and minutes, prepare meeting materials and support good meeting practices.
- Develop and maintain cost-effective and user-friendly systems, tools and guidance for the Bettercoal Assurance process.
- Accreditation of third-party Lead Assessors to conduct Bettercoal Assessments.
- Provide Member and Assessor training and support.
- Ensure appropriate oversight of the quality, integrity and credibility of Bettercoal Assurance System.
- Maintain internal records for all relevant aspects and outcomes of the Assessment Process.
- Administer the Bettercoal Complaints Mechanism, including disciplinary proceedings where required.
- Administer and oversee implementation of the Bettercoal Logo and Claims Guide.
- Monitor, evaluate and publicly report on the impacts of Bettercoal in the context of the Theory of Change.
- Manage Bettercoal Members, Associates, Participants and other stakeholders.

7. Complaints Procedure

Complaints will be handled in accordance with the [Bettercoal Complaints Mechanism](#)

8. Bettercoal Committees & Working Groups

Committees may be formed by the Board as required upon proposals from Members or the Secretariat. The Board may establish

committees of the Board and may delegate such powers to committees as it may decide.

Accordingly, the Board approves the Terms of Reference (ToR) for all Committees. There are currently two Board Committees, the ToR of which are set out below:

1. The Members Committee – see section 8.1
2. The Technical and Advisory Committee – see section 8.2

8.1 The Members Committee

The Members' Committee (previously called a Members Working Group) leads the implementation of Bettercoal Members' commitments and any other matters related to Bettercoal Members, with the following specific activities.

1. **Member commitments:** Review the Member commitments and reporting obligations (ensuring accountability within the membership)
2. **Overseeing CIP progress:** Review progress made by Bettercoal suppliers in their 'Continuous Improvement Plans' and agree actions for not meeting obligations.
3. **Supporting member and supplier growth:** Act as a sounding board on membership growth, value proposition, member retention, alongside supporting expanding Bettercoal's supplier base.
4. **Issues scanning:** Preparing key discussion points on issues relating to the membership and other relevant emerging issues to be brought to the Board.
5. **Supporting on issues identified by Board:** Providing support to the Secretariat on any specific issues as highlighted by the Board.

Composition & Terms

Composition	Composed exclusively of Bettercoal Members. For effectiveness of meetings, should membership reach more than 20 participants, topical sub-groups can be formed.
Chair	Elected by the Members
Quorum	Half (rounded up if necessary) of sitting Committee members
Meetings	3 times per annum (or more, if required)
Term	Members are encouraged to participate in the Committee – therefore limits on terms of office are not set.

Its work is focused on standards development and revision, the Bettercoal assurance model, and monitoring and evaluation of impacts. As a group elected on behalf of all Bettercoal Members, it plays an important stewardship role for the technical heart of Bettercoal’s programme, seeking net benefit for all stakeholders in the coal supply chain.

The TAC makes recommendations to the Board. The Board must give all recommendations due attention and if the decision is to not implement the TAC recommendation, the Board must publish in writing the reasons why and make them available to the Members, Associates, Participants and the TAC. The Terms of Reference for the TAC is publicly available on the [Bettercoal website](#).

8.3 Working Groups

Working Groups may also be formed with the approval of the Board and the Executive Director. The number of existing Working Groups and Committees and the priorities outlined in the annual work programme will be factors taken into consideration ahead of agreement on the formation of any new Working Group. Decisions on the creation of Working Groups will also be informed by the capacity of the Secretariat to service the work.

8.2 The Technical & Advisory Committee

The TAC is at the heart of Bettercoal’s mission and advises the Board on all matters related to the Bettercoal Assurance process and the Bettercoal Code.

Board Working Groups	TAC Working Groups	Members Committee Working Groups
The Board can convene Working Groups on issues related to Bettercoal’s strategy or operations.	The TAC can recommend to the Board that Bettercoal convene Working Groups on specific standards-related issues, so as to inform the development of guidance or standards development activities.	As the Bettercoal membership grows, the Members Committee may recommend to the Board that Bettercoal convene Working Groups on specific issues of interest to Members.

Board Working Groups	TAC Working Groups	Members Committee Working Groups
<p>Working Groups may be comprised of Members and non-Members. Participants may be nominated by the Board, invited via a Member nomination process, or identified by the Bettercoal Secretariat or partner organisation.</p>	<p>The TAC can recommend to the Board that Bettercoal convene Working Groups on specific standards-related issues, so as to inform the development of guidance or standards development activities.</p> <p>Working Groups may be comprised of TAC members, other representatives of members, and other stakeholders. Participants may be nominated by any Bettercoal Member or identified by the Bettercoal Secretariat.</p>	<p>As the Bettercoal membership grows, the Members Committee may recommend to the Board that Bettercoal convene Working Groups on specific issues of interest to Members.</p> <p>Working Groups may be comprised of Members, Associates, Participants (if suitable) and other stakeholders. Participants may be nominated by any Member or Associate Member or identified by the Bettercoal Secretariat.</p>

A Working Group is established through a ToR, which must be approved by the parent governance group (Board, TAC or Members Committee).

The information required in a Working Group ToR includes:

- **Name of Working Group:** Identifying the topic/theme/issue being addressed.
- **Chair/s:** May be elected by and from the Working Group Members.
- **Scope:** Should be a clear and concise statement outlining the topics to be addressed by the Working Group and their relationship to Bettercoal's work programmes.
- **Objectives:** The aims and target outcomes/deliverables of the Working Group, for example to produce a guidance document, or to review and inform a component of a Standard, or to provide input to a normative document.
- **Timeframes and Reporting:** An initial timeframe to achieve the objectives, with regular progress reporting. The Working Group may continue after this timeframe, but a new ToR would be set outlining the new objectives and timeframes.
- **Participants at inception:** List of names and affiliations of those initially participating in the Working Group, as well as any additional target participants, for example: subject matter experts.
- **Size:** For practical reasons, a Working Group size of 6-12 is probably the most workable.
- **Representativity:** the membership should strive to be representative of the diversity of Bettercoal Members.

8.3.1 Country Working Groups

The Country Working Groups are mandated to ensure the proper monitoring of Bettercoal Supplier Continuous Improvement Plans as well as looking at the country-level impact of Bettercoal and encouraging collaboration between Bettercoal Suppliers at a country-level on topics related to the Bettercoal Code.

The Country Working Groups will specifically support:

1. A coordinated approach to the monitoring of CIPs
2. The development of country and context expertise, to inform Bettercoal’s Code, assessment process and CIP monitoring
3. Relevant country-specific communications

Detailed Terms of Reference for the Country Working Groups are publicly available on the Bettercoal website:

- [Russia Working Group ToR](#)
- [Colombia Working Group ToR](#)

Composition & Terms

Composition	At least five Bettercoal Members. Associates and Participants, as well as independent experts, can be invited at the discretion of the Chair. No more than 20 members
Chair	Elected by the Members of the Group for a term to be agreed.

Quorum	Half (rounded up if necessary) of sitting members
Terms	Members are encouraged to participate in the Group – therefore limits on terms of office are not set

9. Data Confidentiality

Bettercoal, its Members, Associates, Participants and staff are subject to the [Confidentiality Policy](#).

10. Bettercoal Code of Conduct

Bettercoal, its Members, Associates, Participants and staff are subject to the [Code of Conduct](#).